

January 7, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

**RESPONSE TO COMMENTS MADE BY MR. RICHARD CASSEL AT THE
DECEMBER 17, 2002 BOARD MEETING -- (RELATES TO ITEM 48 ON THE
JANUARY 7, 2003 AGENDA)**

On December 17, 2002, on motion by Supervisor Antonovich, the Board instructed the Chief Administrative Office (CAO) to review comments made by Mr. Richard Cassel regarding the Sheriff's Department (Sheriff's) pending request to enter into an agreement for debit-card vending machine services with Canteen Vending Services (Canteen) and to report back on January 7, 2003. In addition, the Task Force on Nutrition was also asked to report back. Based on our findings, the CAO does not recommend the resolicitation for debit-card vending machine services. Further, it was determined that there are no protocols in place for the Task Force on Nutrition (Task Force) to review vending machine agreements for nutritional value.

In December 2001, the Sheriff's released a Request for Proposal (RFP) for debit-card vending machine services at their facilities. Four vendors submitted proposals for evaluation. The winning bidder was Canteen Vending Services; MAB Services, Inc. (MAB) ranked second.

Mr. Richard Cassel, Executive Vice President of MAB Services, Inc., addressed the Board at its December 3, 2002 meeting. At that time, Mr. Cassel asked that he be given the opportunity to view all the available bid documentation associated with the winning bidder, Canteen Vending Services.

After viewing the documents, he raised the following issues:

- There was no mention of signing bonuses or repeat signing bonuses in the RFP and
- The RFP did not specify prices to be charged for goods sold in vending machines, therefore, making it difficult to establish commission rates.

At the request of the Board, the CAO has reviewed Mr. Cassel's comments.

Bonuses

The first area of concern raised by Mr. Cassel is the RFP included no mention of points given for signing bonuses, yet the Department included it in their scoring process. It is true that the RFP had no mention that the offer of bonuses would be considered in the scoring process. However, only one vendor was awarded points for including such bonuses. This vendor ranked third and, therefore, the points awarded for bonuses did not affect the scores of the top two proposers, Canteen and MAB.

Pricing

The second area of concern raised by Mr. Cassel is pricing. Potential bidders were to set reasonable prices for commodities that were to be placed in the vending machines. In setting their prices, bidders would determine a commission rate fee that would be at a minimum of 31%. Although the prices for commodities were not set in the RFP, bidders were to charge "a comparable price with a maximum of 2% above convenience store prices". The Sheriff's did not set prices for commodities sold as they are not experts in this field. In addition, we found that in other countywide solicitations for vending machines, prices were also not set in the RFP. Also, setting prices would not have allowed for a competitive process.

TASK FORCE ON NUTRITION

The Task Force on Nutrition (Task Force) was set up in September 1981 to, among other things, conduct ongoing studies on the relationship between nutrition and behavior. The Task Force's goal is to improve the nutrition in all County institutions. To do so, the Task Force developed Nutritional Guidelines. These guidelines are presently being revised.

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Currently, there are no protocols for the Task Force to review agreements that have a nutritional component. However, the Task Force reviewed the list of items to be placed in these vending machines and has made recommendations to the Sheriff. Attached is a copy of their findings. It may be worth noting that many of these same items can be found at various other vending machines throughout the County.

Conclusion

After review of the issues raised by Mr. Cassel, no major flaws that would change the selection of the winning bidder were discovered. Therefore, the CAO does not recommend the resolicitation for debit-card vending machine services. County Counsel concurs with this recommendation.

If you have any questions, please have your staff contact Yolanda Reyes of my staff at (213) 974-0841.

DEJ:DL
RG:YR:alc
I:CASSELLCOMMENTS:w

Attachment

c: Auditor-Controller
County Counsel
Executive Office, Board of Supervisors
Internal Services Department
Los Angeles County Task Force on Nutrition
Sheriff
Mr. Richard Cassel, Executive Vice President, MAB Services, Inc.